

2009 DRAFTING REQUEST**Bill**Received: **09/23/2008**Received By: **jkreye**Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**By/Representing: **Hynek**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Shared Revenue**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Hynek, BB0109 -

Topic:

Per capita limits for utility aid payments

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 09/24/2008	jdyer 09/26/2008	rschluet 09/26/2008	_____	sbasford 09/26/2008		S&L

FE Sent For:

<END>

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/P1	jkreye	P1 9/26/08					

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<END>

2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Per Capita Limits for Utility Shared Revenue
- Tracking Code: BB0109
- SBO team: Tax, Transportation and Budget Development
- SBO analyst: Sara Hynek
 - Phone: 266-1923
 - Email: sara.hynek@wisconsin.gov
- Agency acronym: DOR/Shared Revenue
- Agency number: 566/835
- Priority (Low, Medium, High): Medium

Intent: Ensure that increases in the per capita limits for utility shared revenue are expressed as "one time" increases rather than ongoing, annual increases. See attached for full drafting instructions.

**2009-2011 Legislative Proposal
Wisconsin Department of Revenue
Division of Research and Policy**

Date: September 15, 2008

PROPOSAL 14: Per Capita Limit for Utility Shared Revenue - Municipality

PROBLEM DESCRIPTION

The amount a municipality can receive from the ad valorem based payment for power plants that were in operation before January 1, 2004 plus the base per megawatt payment on power plants that begin operation or are repowered after December 31, 2003 is \$300 per capita. A provision of 2007 Wisconsin Act 20 (the 2007-09 biennial budget) increased this limit by \$125 "annually" beginning in 2009. As a result, the per capita limit will be \$425 in 2009, \$550 in 2010, \$675 in 2011, \$800 in 2012, and so on.

According to the Legislative Fiscal Bureau's description of the budget, the intent was for a one-time increase in the limit to \$425, effective with payments in 2009.

RECOMMENDATION FOR ACTION

Amend sec. ^{79.04}70.04 (1) (a) to clarify that the per capita limit increases to \$425, effective with payments beginning in 2009.

Although the \$300 limit has been in place for over 20 years, a small increase in the limit is warranted. The proposed change would correct ambiguous language to implement what the Legislature intended.

Four municipalities' payments in 2008 were reduced due to the limit: City of Alma in Buffalo County (\$457,354), Town of Christiana in Dane County (\$387), Town of Two Creeks in Manitowoc County (\$217,042), and Town of Kaukauna in Outagamie County (\$46,494). Only the payments for Alma and Two Creeks would be "reduced" if the increases in the per capita limit beyond \$425 are repealed.

FISCAL EFFECT

Based on data for the 2008 payment, if the per capita limit increases to \$550 in 2010, Alma would receive an additional \$118,250 and Two Creeks would receive an additional \$69,000, for an increase in shared revenue payments of \$187,250.

INTERESTED/AFFECTED PARTIES

City of Alma and Town of Two Creeks

DOR CONTACT

Daniel Huegel, Research and Policy Division
Daniel.Huegel@revenue.wi.gov

**2009-2011 Legislative Proposal
Wisconsin Department of Revenue
Division of Research and Policy**

Date: September 15, 2008

PROPOSAL 14: Per Capita Limit for Utility Shared Revenue - County

PROBLEM DESCRIPTION

The amount a county can receive from the ad valorem based payment for power plants that were in operation before January 1, 2004 plus the base per megawatt payment on power plants that begin operation or are repowered after December 31, 2003 is \$100 per capita. A provision of 2007 Wisconsin Act 20 (the 2007-09 biennial budget) increased this limit by \$25 "annually" beginning in 2009. As a result, the per capita limit will be \$125 in 2009, \$150 in 2010, \$175 in 2011, \$200 in 2012, and so on.

According to the Legislative Fiscal Bureau's description of the budget, the intent was for a one-time increase in the limit to \$125, effective with payments in 2009.

RECOMMENDATION FOR ACTION

Amend sec. ^{79.04}70.04 (2) (a) to clarify that the per capita limit increases to \$125, effective with payments beginning in 2009.

Although the \$100 limit has been in place for over 20 years, a small increase in the limit is warranted. The proposed change would correct ambiguous language to implement what the Legislature intended.

No payments in 2008 were reduced due to the limit.

FISCAL EFFECT

Since no county is paid more than \$100 per capita now, and no county is expected to reach that level in the near future, this proposal has no fiscal effect.

INTERESTED/AFFECTED PARTIES

None

DOR CONTACT

Daniel Huegel, Research and Policy Division
Daniel.Huegel@revenue.wi.gov



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-0386/P1

JK:.....

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DOA:.....Hynek, BB0109 - Per capita limits for utility aid payments ✓

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 9-24-08

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AN ACT ...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT ✓

Under current law, the public utility aid payment amount that a ✓municipality receives may not exceed an amount equal to \$300 ✓times the municipality's population. Beginning in 2009 ✓, however, the maximum payment amount for a municipality will increase annually by \$125 ✓per person. Under this bill, beginning with payments in 2009 ✓, the public utility aid payment amount that a municipality receives may not exceed an amount equal to \$425 ✓times the municipality's population.

Under current law, the public utility aid payment amount that a ✓county receives may not exceed an amount equal to \$100 ✓times the county's population. Beginning in 2009 ✓, however, the maximum payment amount for a county will increase annually by \$25 ✓per person. Under the bill, beginning with payments in 2009 ✓, the public utility aid payment amount that a county receives may not exceed an amount equal to \$125 ✓times the county's population. ✓

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 79.04 (1) (a) [✓] of the statutes is amended to read:

2 79.04 (1) (a) An amount from the shared revenue account or, for the
3 distribution in 2003, from the appropriation under s. 20.835 (1) (t), 2003 stats.,
4 determined by multiplying by 3 mills in the case of a town, and 6 mills in the case
5 of a city or village, the first \$125,000,000 of the amount shown in the account, plus
6 leased property, of each public utility except qualified wholesale electric companies,
7 as defined in s. 76.28 (1) (gm), on December 31 of the preceding year for "production
8 plant, exclusive of land," "general structures," and "substations," in the case of light,
9 heat and power companies, electric cooperatives or municipal electric companies, for
10 all property within a municipality in accordance with the system of accounts
11 established by the public service commission or rural electrification administration,
12 less depreciation thereon as determined by the department of revenue and less the
13 value of treatment plant and pollution abatement equipment, as defined under s.
14 70.11 (21), as determined by the department of revenue plus an amount from the
15 shared revenue account or, for the distribution in 2003, from the appropriation under
16 s. 20.835 (1) (t), 2003 stats., determined by multiplying by 3 mills in the case of a
17 town, and 6 mills in the case of a city or village, of the first \$125,000,000 of the total
18 original cost of production plant, general structures, and substations less
19 depreciation, land and approved waste treatment facilities of each qualified
20 wholesale electric company, as defined in s. 76.28 (1) (gm), as reported to the
21 department of revenue of all property within the municipality. The total of amounts,
22 as depreciated, from the accounts of all public utilities for the same production plant
23 is also limited to not more than \$125,000,000. The amount distributable to a
24 municipality under this subsection and sub. (6) in any year shall not exceed \$300
25 times the population of the municipality, [✓] ~~increased annually by \$125 per person~~

1 beginning in 2009, except that, beginning with payments in 2009, the amount
2 distributable to a municipality under this subsection and sub. (6) in any year shall
3 not exceed \$425 times the population of the municipality.

History: 1971 c. 125, 215; 1973 c. 90 ss. 387, 391g; 1973 c. 243 s. 82; 1975 c. 39, 224; 1977 c. 29, 418; 1979 c. 34; 1983 a. 27; 1985 a. 29, 39; 1987 a. 27; 1989 a. 31; 1993 a. 16, 307; 1995 a. 27; 1999 a. 150 s. 672; 2001 a. 16; 2001 a. 30 s. 153; 2003 a. 31, 33, 89, 320; 2005 a. 253, 254; 2007 a. 19, 20, 226; s. 13.92 (2) (i).

4 **SECTION 2. 79.04 (2) (a) of the statutes is amended to read:**

5 79.04 (2) (a) Annually, except for production plants that begin operation after
6 December 31, 2003, or begin operation as a repowered production plant after
7 December 31, 2003, and except as provided in sub. (4m), the department of
8 administration, upon certification by the department of revenue, shall distribute
9 from the shared revenue account or, for the distribution in 2003, from the
10 appropriation under s. 20.835 (1) (t), 2003 stats., to any county having within its
11 boundaries a production plant, general structure, or substation, used by a light, heat
12 or power company assessed under s. 76.28 (2) or 76.29 (2), except property described
13 in s. 66.0813 unless the production plant or substation is owned or operated by a local
14 governmental unit that is located outside of the municipality in which the production
15 plant or substation is located, or by an electric cooperative assessed under ss. 76.07
16 and 76.48, respectively, or by a municipal electric company under s. 66.0825 an
17 amount determined by multiplying by 6 mills in the case of property in a town and
18 by 3 mills in the case of property in a city or village the first \$125,000,000 of the
19 amount shown in the account, plus leased property, of each public utility except
20 qualified wholesale electric companies, as defined in s. 76.28 (1) (gm), on December
21 31 of the preceding year for "production plant, exclusive of land," "general
22 structures," and "substations," in the case of light, heat and power companies,
23 electric cooperatives or municipal electric companies, for all property within the
24 municipality in accordance with the system of accounts established by the public

1 service commission or rural electrification administration, less depreciation thereon
2 as determined by the department of revenue and less the value of treatment plant
3 and pollution abatement equipment, as defined under s. 70.11 (21), as determined
4 by the department of revenue plus an amount from the shared revenue account or,
5 for the distribution in 2003, from the appropriation under s. 20.835 (1) (t), 2003
6 stats., determined by multiplying by 6 mills in the case of property in a town, and 3
7 mills in the case of property in a city or village, of the total original cost of production
8 plant, general structures, and substations less depreciation, land and approved
9 waste treatment facilities of each qualified wholesale electric company, as defined in
10 s. 76.28 (1) (gm), as reported to the department of revenue of all property within the
11 municipality. The total of amounts, as depreciated, from the accounts of all public
12 utilities for the same production plant is also limited to not more than \$125,000,000.
13 The amount distributable to a county under this subsection and sub. (6) in any year
14 shall not exceed \$100 times the population of the county, ~~increased annually by \$25~~
15 per person beginning in 2009 except that, beginning with payments in 2009, the
16 amount distributable to a county under this subsection and sub. (6) in any year shall
17 not exceed \$125 times the population of the county.

NOTE: NOTE: Par. (a) is shown as affected by 2 acts of the 2007 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1971 c. 125, 215; 1973 c. 90 ss. 387, 391g; 1973 c. 243 s. 82; 1975 c. 39, 224; 1977 c. 29, 418; 1979 c. 34; 1983 a. 27; 1985 a. 29, 39; 1987 a. 27; 1989 a. 31; 1993 a. 16, 307; 1995 a. 27; 1999 a. 150 s. 672; 2001 a. 16; 2001 a. 30 s. 108; 2003 a. 31, 33, 89, 320; 2005 a. 253, 254; 2007 a. 19, 20, 226; s. 13.92 (2) (i).

(END)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-0386/P1
JK:jld:rs

DOA:.....Hynek, BB0109 - Per capita limits for utility aid payments
FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the public utility aid payment amount that a municipality receives may not exceed an amount equal to \$300 times the municipality's population. Beginning in 2009, however, the maximum payment amount for a municipality will increase annually by \$125 per person. Under this bill, beginning with payments in 2009, the public utility aid payment amount that a municipality receives may not exceed an amount equal to \$425 times the municipality's population.

Under current law, the public utility aid payment amount that a county receives may not exceed an amount equal to \$100 times the county's population. Beginning in 2009, however, the maximum payment amount for a county will increase annually by \$25 per person. Under the bill, beginning with payments in 2009, the public utility aid payment amount that a county receives may not exceed an amount equal to \$125 times the county's population.

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14 ~~per person beginning in 2009~~ except that, beginning with payments in 2009, the
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17 (END)